



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

MARY A. LANNOYE
DIRECTOR

June 13, 2005

The Honorable Shirley Johnson, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48901

The Honorable Scott Hummel, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the month ending April 30, 2005. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

www.michigan.gov/budget under AFinancial Reports.@

If you have questions concerning the information in this report, please contact this office.

Sincerely,

Mary A. Lannoye
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm
Ken Sikkema, Senate Majority Leader
Craig DeRoche, Speaker of the House
Bob Emerson, Senate Minority Leader
Diane Byrum, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Nancy Cassis, Chair, Senate
Finance Committee

Fulton Sheen, House Tax Policy Committee
Rick Wiener, Executive Office
Tim Hughes, Executive Office
Senate Fiscal Agency
House Fiscal Agency
Mike Moody, Financial Management
Nancy Duncan, Deputy Director
State Budget Office
Internal Office of the State Budget
Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2005
Projected Revenues and Expenditures
April 30, 2005
(\$ in millions)

	FISCAL 2005
Beginning Balance, October 1, 2004	\$ -
Revenues, Current Law:	
Current Year GF/GP Revenues, January 2005 Consensus Estimate	\$ 7,869.8
Adjustments to Consensus Baseline	\$ -
Adjusted Current Year GF/GP Revenue Baseline	\$ 7,869.8
Additional Revenue Adjustments:	
Revenue Sharing Reductions (PA 355 of 2004 and January 2005 Consensus)	\$ 328.8
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 182.3
Sale of Northville (PA 6 of 2002)	\$ 52.0
Interfund Borrowing Rates	\$ 20.0
Judiciary Technology Improvement Fund (PA 466 of 2004)	\$ 1.5
Juror Compensation Fund Balance deposited to General Fund (PA 465 of 2004)	\$ 4.0
Comprehensive Transportation Fund - reduce and lapse fo General Fund (PA 544 of 2004)	\$ 10.0
Non-Use of SBT Pharmaceutical Credit	\$ 10.0
Subtotal of Additional Revenue Adjustments	\$ 608.6
Anticipated Revenue Adjustments:	
Proceeds from Land Sales	\$ 31.4
Budget Stabilization Fund Unreserved Balance	\$ 81.9
Escheats Enforcement	\$ 2.5
Liquor Purchase Revolving Fund additional lapse	\$ 0.9
Total FY Resources Available For Expenditure GF/GP	\$ 8,595.1
Expenditures, Current Law:	
Enacted Post Vetoes	\$ 8,751.0
Enacted Supplemental (PA 468 of 2004)	\$ 0.2
Enacted School Aid Supplemental (PA 518 of 2004)	\$ 99.5
Executive Order 2005-7	\$ (295.0)
Enacted Supplemental - \$2,600.00 (PA 10 of 2005)	\$ -
Enacted Supplemental (PA 11 of 2005)	\$ 40.0
Total Enacted	\$ 8,595.7
Anticipated Expenditure Adjustments	
Lapse Building Occupancy Charges - DMB (PA 327 of 2004, sec. 720)	\$ (0.7)
Total Expenditures Projected	\$ 8,595.0
Projected Ending Balance, September 30, 2005	\$ 0.1

OFFICIAL BALANCE SHEET

SCHOOL AID FUND
Fiscal Year 2005
Projected Revenues and Expenditures
April 30, 2005
(\$ in millions)

	FISCAL 2005
Beginning Balance, October 1, 2004	\$ 74.1
Current Year School Aid Fund Revenues, January 2005 Consensus	\$ 10,878.8
Adjustments to Consensus Baseline	
Payment in Lieu of Taxes Adjustment (PA 513 of 2004)	\$ (2.0)
Subtotal, School Aid Fund, Current Year Direct Resources	\$ 10,876.8
Pending Supplemental - Proceeds of Capitalization of the School Bond Loan Fund revolving fund	\$ 41.1
Appropriation from GF/GP	\$ 165.2
Supplemental appropriation from GF/GP (PA 518 of 2004)	\$ 99.5
E.O. 2005-7	\$ (99.5)
	\$ 165.2
Federal Aid	\$ 1,353.6
Total Available SAF Resources	\$ 12,510.8
Expenditures	
Enacted Appropriations PA 351 of 2004	\$ 12,527.5
Revised impact of various audit and enforcement efforts	\$ 37.6
Revised pupil count/special education costs/taxable value estimates	\$ (78.0)
	\$ (40.4)
Adjusted Appropriations	\$ 12,487.1
Projected School Aid Fund Ending Balance September 30, 2005	\$ 23.7

SUMMARY OF EXPENDITURES AND ENCUMBRANCES

GENERAL FUND GROSS

April 30, 2005

(\$ IN MILLIONS)

FISCAL YEAR 2003-04

FISCAL YEAR 2004-05

April 2004	Yr-to-date 2003-04	Fiscal Yr end SEP 30, 2004	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc April 2005	Exp & Enc Yr-to-date 2004-05
7.2	49.8	95.7	Agriculture	126.1	0.0	6.1	53.9
4.2	28.3	51.3	Attorney General	62.0	0.1	4.7	31.8
20.3	159.0	252.3	Capital Outlay	0.0	584.5	25.0	164.9
1.2	6.8	12.4	Civil Rights	12.7	0.1	1.1	7.2
1.5	10.6	20.3	Civil Service	35.1	-0.2	1.6	13.7
156.1	1,197.5	1,826.0	Colleges & Universities	1,943.2	-40.2	171.0	1,281.0
814.7	5,444.4	9,342.1	Community Health	9,996.4	236.7	1,032.4	5,638.3
117.8	894.7	1,593.5	Corrections	1,768.7	-17.3	115.4	957.3
5.9	42.4	67.3	Education	99.9	2.4	5.5	55.5
12.7	96.5	164.9	Environmental Quality	296.0	3.1	16.7	101.6
0.4	3.0	4.8	Executive Office	5.2	0.0	0.4	2.7
317.8	2,137.7	3,716.2	Human Services	4,287.4	-25.0	315.2	2,277.6
5.9	29.0	54.2	History, Arts & Library	57.1	2.0	5.2	29.9
0.0	0.0	0.0	Information Technology	0.0	0.0	0.0	0.0
16.1	100.7	208.4	Judiciary	253.2	0.0	26.9	116.2
67.3	393.8	678.1	Labor & Economic Growth	835.8	11.0	65.2	402.5
9.5	70.4	126.5	Legislature	126.7	0.0	9.8	72.4
12.4	96.1	145.8	Management & Budget	156.9	4.3	13.6	89.0
7.9	57.0	97.5	Military Affairs	105.5	2.4	7.6	60.2
3.2	39.5	69.7	Natural Resources	95.0	2.4	3.9	45.8
0.0	0.0	0.0	School Aid	0.0	-99.5	0.0	0.0
16.0	101.0	182.5	State	187.2	0.5	16.7	124.3
34.2	198.6	378.2	State Police	475.8	7.4	34.4	225.3
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
185.2	1,135.3	1,675.9	Treasury	1,520.4	49.5	196.7	1,015.2
\$1,817.5	\$12,292.1	\$20,763.6		\$22,446.3	\$724.6	\$2,075.1	\$12,766.3

*Includes boilerplate appropriations.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2005

April, 2005

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,456.7	28.7	15,485.4
Total state spending from state resources	25,904.2	246.0	26,150.2
Percentage of state spending from state resources paid to local units	59.67%		59.22%
Required payments to local units (48.97%)	12,685.3		12,805.8
Surplus/(deficit)	\$2,771.4		\$2,679.6

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
OCTOBER 1, 2004 THROUGH APRIL 30, 2005
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
Miscellaneous	<u>641</u>
Total Revenues	<u>641</u>

EXPENDITURES

Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under)	
Expenditures	<u>641</u>

OTHER FINANCING SOURCES (USES)

Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	<u>-</u>
Total operating transfers from other funds	-
Operating transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Excess of Revenues and Other	
Sources over (under) Expenditures	
and Other Uses	<u><u>\$ 641</u></u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2004 THROUGH APRIL 30, 2005

OPERATING REVENUES

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Program fees	983
Other	-
Total miscellaneous	<u>983</u>
Total Operating Revenues	<u>983</u>

OPERATING EXPENSES

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	-
Total other operating expenses	<u>-</u>
Total Operating Expenses	<u>-</u>
Operating Income (Loss)	<u>983</u>

NONOPERATING REVENUES (EXPENSES)

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	149
Other nonoperating revenue	-
Total other nonoperating revenues	<u>149</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>149</u>
Income (Loss) Before Operating Transfers	<u>1,132</u>

OPERATING TRANSFERS

Operating transfers from primary government	-
Operating transfers to primary government	<u>(900)</u>
Total Operating Transfers In (Out)	<u>(900)</u>
Net Income (Loss)	<u>\$ 232 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
OCTOBER 1, 2004 THROUGH APRIL 30, 2005
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>43,872</u>
Total Revenues	<u>43,872</u>

EXPENDITURES

Current:	
General government	-
Conservation, environment, recreation, and agriculture	1,591
Capital outlay	<u>8,857</u>
Total Expenditures	<u>10,448</u>
Excess of Revenues over (under) Expenditures	<u>33,424</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	89
Operating transfers from other funds	-
Operating transfers to other funds	<u>(10,050)</u>
Total Other Financing Sources (Uses)	<u>(9,961)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u><u>\$ 23,464</u></u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable,
accounts payable, etc.

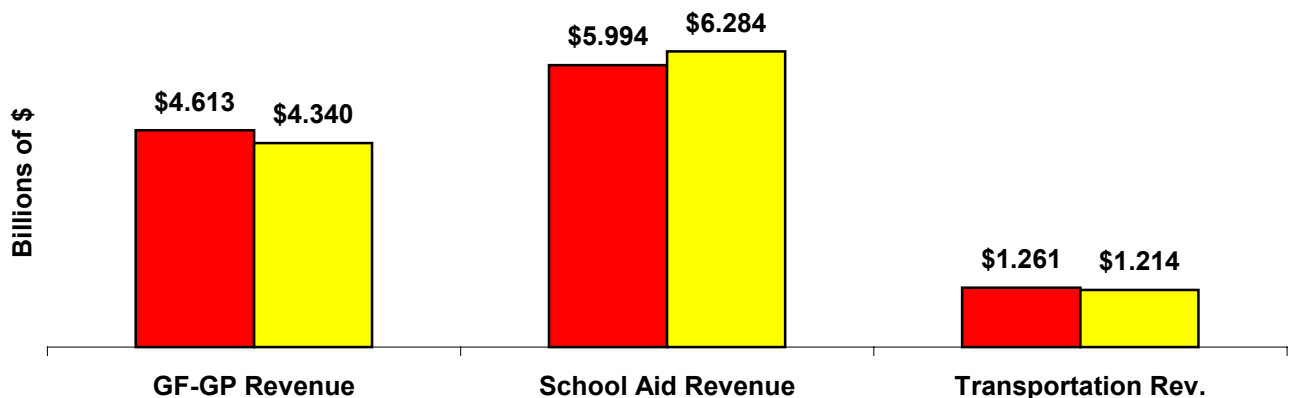
REVENUE OVERVIEW
Economic and Revenue Forecasting Division
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for April 2005, representing some March and some April economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$33.4 million (4.3 percent) lower in April 2005 than in April 2004. The decline is due in part to the timing of single business tax payments. April School Aid Fund cash collections were \$18.9 million (2.3 percent) lower than in April 2004. April transportation collections were \$10.3 million (5.6 percent) lower than in April 2004 (see revenue table). April is the seventh month of the state's fiscal year. Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are down \$272.9 million (5.9 percent) from a year ago. Excluding income tax refunds, year-to-date General Fund - General Purpose cash collections are down 0.8 percent from a year ago. School Aid Fund cash collections are up \$290.3 million (4.8 percent), and transportation collections are down \$47.1 million (3.7 percent). School Aid Fund collections have been affected by the change in the timing and tax rate of state education tax (SET) payments. Excluding SET payments, School Aid Fund collections are up 0.9 percent from a year ago.

The FY 2004-2005 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on January 13, 2005. The Consensus estimate for net General Fund - General Purpose revenue for FY 2004-2005 is \$7,869.8 million and the net School Aid revenue forecast is \$10,878.8 million. The Transportation Funds revenue forecast is \$2,216.1 million. The revenue projections for each tax are shown after all tax adjustments. The next regularly scheduled revenue conference will be held on May 19, 2005.

**October through April Collections
Fiscal Years 2003-04 and 2004-05**



Economic and Revenue Forecasting Division

■ FY 2003-04 ■ FY 2004-05

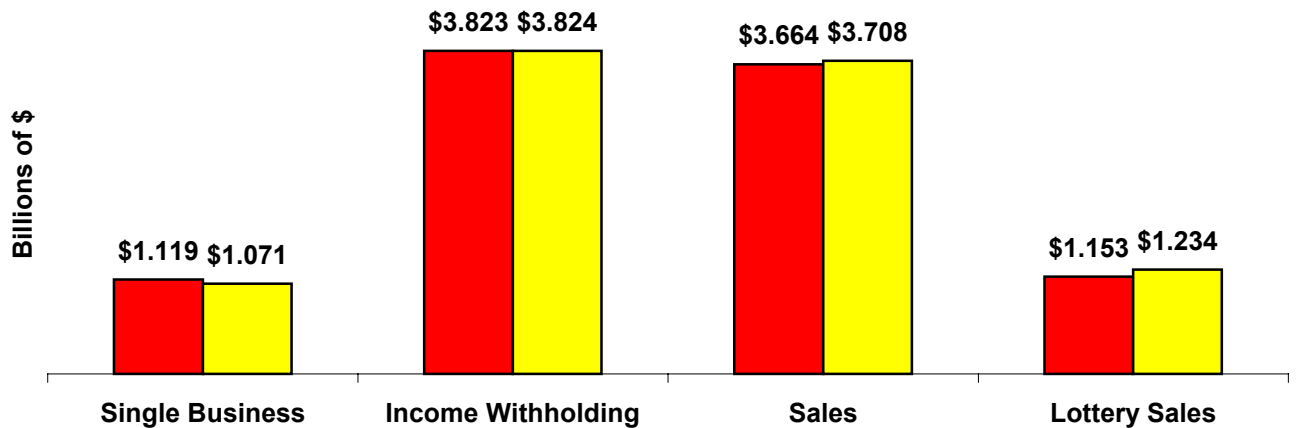
April Revenue Collections Fiscal Years 2003-04 and 2004-05



Economic and Revenue Forecasting Division

■ FY 2003-04 ■ FY 2004-05

October through April Collections Fiscal Years 2003-04 and 2004-05



Economic and Revenue Forecasting Division

■ FY 2003-04 ■ FY 2004-05

Revenue Summary 2004-05
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: April 30, 2005

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH APRIL CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
April		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2003-2004	2004-2005	2004-2005
2004	2005	Amount	Percent		2003-04	2004-05	Amount	Percent	Actual	Statutory Estimate (b)	Jan 2005 Consensus
Income Taxes											
\$523,843	\$527,811	\$3,968	0.8%	Withholding	\$3,822,950	\$3,823,748	\$798	0.0%	\$6,365,100	\$6,568,700	\$6,399,500
87,673	91,099	3,426	3.9%	Quarterlies	325,554	332,997	7,444	2.3%	601,800	626,600	626,800
343,847	402,492	58,645	17.1%	Annuals	427,208	510,217	83,009	19.4%	499,800	501,800	511,800
955,363	1,021,402	66,040	6.9%	Gross Collections	4,575,712	4,666,963	91,251	2.0%	\$7,466,700	\$7,697,100	\$7,538,100
377,221	390,477	13,257	3.5%	Less: Refunds	1,143,415	1,369,213	225,799	19.7%	1,594,200	1,674,800	1,660,700
0	0	0	na	State Campaign Fund	0	0	0	na	1,400	1,500	1,500
578,142	630,925	52,783	9.1%	Net Personal Income	3,432,298	3,297,750	(134,548)	-3.9%	\$5,871,100	\$6,020,800	\$5,875,900
238,841	255,351	16,510	6.9%	Less: Disbursements to SAF	1,143,928	1,166,741	22,813	2.0%	\$1,893,400	\$1,996,500	\$1,956,900
\$339,302	\$375,575	\$36,273	10.7%	NET PERSONAL INCOME TO GF-GP	\$2,288,369	\$2,131,009	(\$157,361)	-6.9%	\$3,977,700	\$4,024,300	\$3,919,000
Consumption Taxes											
\$6,573	\$5,614	(\$958)	-14.6%	Sales (a)	\$47,232	\$48,298	\$1,067	2.3%	\$102,200	\$119,800	\$117,200
74,630	70,627	(4,003)	-5.4%	Use	486,704	515,975	29,270	6.0%	877,400	885,800	912,800
23,209	10,084	(13,125)	-56.6%	Tobacco	160,746	68,929	(91,817)	-57.1%	242,700	119,000	122,800
4,012	3,497	(515)	-12.8%	Beer, Wine & Mixed Spirits	27,773	26,792	(981)	-3.5%	51,500	52,000	52,000
2,785	2,908	123	4.4%	Liquor Specific	16,666	16,768	102	0.6%	33,000	31,600	33,500
\$111,209	\$92,730	(\$18,480)	-16.6%	TOTAL CONSUMPTION TAXES	\$739,121	\$676,762	(\$62,359)	-8.4%	\$1,306,800	\$1,208,200	\$1,238,300
Other Taxes											
\$256,796	\$208,139	(\$48,657)	-18.9%	Single Business	\$1,119,215	\$1,070,926	(\$48,289)	-4.3%	\$1,827,600	\$1,917,500	\$1,855,700
31,453	21,252	(10,201)	-32.4%	Insurance Premiums Taxes	166,906	149,103	(17,803)	-10.7%	230,300	261,000	239,300
288,249	229,391	(58,858)	-20.4%	Sub-total SBT & Insurance	1,286,121	1,220,029	(66,092)	-5.1%	2,057,900	2,178,500	2,095,000
4,110	2,494	(1,616)	-39.3%	Inheritance / Estate	42,347	20,488	(21,859)	-51.6%	75,500	34,000	39,000
0	0	0	na	Telephone & Telegraph	56,790	45,741	(11,049)	-19.5%	101,300	120,600	95,300
4,989	3,566	(1,423)	-28.5%	Oil & Gas Severance	23,613	36,939	13,326	56.4%	57,100	50,000	55,000
0	7,780	7,780	na	Casino Wagering	0	25,806	25,806	na	3,200	42,900	42,900
10,149	9,169	(980)	-9.7%	Penalties & Interest	68,718	68,167	(550)	-0.8%	104,400	110,000	108,500
0	2	2	na	Miscellaneous Other/Railroad	166	142	(24)	-14.4%	3,200	3,000	0
(7,083)	(6,667)	417	-5.9%	Treasury Enforcement Programs	(49,583)	(46,667)	2,917	-5.9%	(81,600)	(80,000)	(80,000)
\$300,413	\$245,736	(\$54,678)	-18.2%	TOTAL OTHER TAXES	\$1,428,171	\$1,370,646	(\$57,525)	-4.0%	\$2,321,000	\$2,459,000	\$2,355,700
\$750,924	\$714,040	(\$36,884)	-4.9%	SUBTOTAL GF-GP TAXES	\$4,455,661	\$4,178,416	(\$277,245)	-6.2%	\$7,605,500	\$7,691,400	\$7,513,000

continued

Revenue Summary 2004-05
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: April 30, 2005

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH APRIL CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
April		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2003-2004	2004-2005	2004-2005
2004	2005	Amount	Percent		2003-04	2004-05	Amount	Percent	Actual	Statutory Estimate (b)	Jan 2005 Consensus
Non-Tax Revenue(g)											
\$2,500	\$2,500	\$0	0.0%	Federal Aid	\$17,500	\$17,500	\$0	0.0%	\$66,100	\$30,000	\$35,000
83	83	0	0.0%	Local Agencies	583	583	0	0.0%	2,900	1,000	2,000
667	667	0	0.0%	Services	4,667	4,667	0	0.0%	17,800	8,000	18,000
1,500	1,500	0	0.0%	Licenses & Permits	10,500	10,500	0	0.0%	55,200	18,000	54,000
(3,235)	0	3,235	na	Investments/Interest Costs	(3,782)	(1,195)	2,587	-68.4%	(22,200)	(80,000)	(73,000)
5,000	5,167	167	3.3%	Misc. Non-tax Revenue	35,000	36,167	1,167	3.3%	76,100	62,000	125,600
10,000	10,083	83	0.8%	Liquor Purchase Revolving Fund	70,000	70,583	583	0.8%	139,400	121,000	133,000
3,233	3,233	0	0.0%	From Other Funds-Lottery & Escheats	22,633	22,633	0	0.0%	101,200	38,800	62,300
\$19,749	\$23,233	\$3,485	17.6%	TOTAL NON-TAX REVENUE	\$157,101	\$161,439	\$4,337	2.8%	\$436,500	\$198,800	\$356,900
\$770,672	\$737,273	(\$33,399)	-4.3%	TOTAL GF-GP REVENUE	\$4,612,763	\$4,339,855	(\$272,908)	-5.9%	\$8,042,000	\$7,890,200	\$7,869,800
School Aid Fund											
\$210,351	\$195,235	(\$15,117)	-7.2%	Sales Tax 4%	\$1,492,263	\$1,512,539	\$20,276	1.4%	2,635,100	2,767,300	2,729,900
165,814	152,591	(13,223)	-8.0%	Sales Tax 2%	1,177,224	1,187,288	10,064	0.9%	2,081,600	2,188,600	2,157,900
37,315	35,313	(2,002)	-5.4%	Use Tax 2%	243,352	257,987	14,635	6.0%	439,100	442,800	456,500
20,324	22,495	2,172	10.7%	State Education Property Tax	961,077	1,207,722	246,645	25.7%	1,824,500	1,859,700	1,846,000
21,682	18,834	(2,849)	-13.1%	Real Estate Transfer Tax	171,464	175,798	4,333	2.5%	317,500	293,000	310,000
65,000	55,000	(10,000)	-15.4%	Lottery Transfer (c)	355,048	319,883	(35,165)	-9.9%	644,900	637,000	649,900
8,247	18,005	9,757	118.0%	Casino Wagering Tax	47,213	59,722	12,510	26.5%	95,800	99,300	98,000
2,761	2,864	103	3.7%	Liquor Excise Tax	16,341	16,553	212	1.3%	32,400	31,600	33,500
38,943	40,335	1,392	3.6%	Cigarette/Tobacco Tax	269,718	275,715	5,998	2.2%	485,200	476,300	479,900
13,835	8,233	(5,602)	-40.5%	Indus. & Comm. Facilities Taxes	111,424	100,673	(10,752)	-9.6%	150,200	157,000	145,500
434	381	(53)	-12.2%	Specific Other	5,150	3,859	(1,291)	-25.1%	15,800	14,800	14,800
238,841	255,351	16,510	6.9%	Income Tax Earmarking	1,143,928	1,166,741	22,813	2.0%	\$1,893,400	\$1,996,500	\$1,956,900
\$823,547	\$804,636	(\$18,911)	-2.3%	TOTAL SCHOOL AID FUND	\$5,994,202	\$6,284,479	\$290,277	4.8%	\$10,615,500	\$10,963,900	\$10,878,800
\$516,400	\$477,982	(\$38,418)	-7.4%	SALES TAX 6%	\$3,664,329	\$3,708,186	\$43,857	1.2%	\$6,473,500	\$6,800,700	\$6,707,800
350,586	325,391	(25,194)	-7.2%	SALES TAX 4%(e)	2,487,105	2,520,898	33,793	1.4%	4,391,900	4,612,100	4,549,900
165,814	152,591	(13,223)	-8.0%	SALES TAX 2%	1,177,224	1,187,288	10,064	0.9%	2,081,600	2,188,600	2,157,900
111,945	105,940	(6,005)	-5.4%	USE TAX 6%	730,056	773,962	43,906	6.0%	1,316,500	1,328,600	1,369,300
8,247	25,784	17,537	213.0%	CASINO WAGERING TAX	47,213	85,528	38,316	81.2%	99,455	148,300	149,000
71,193	96,959	25,766	36.2%	TOBACCO TAXES	493,085	662,777	169,692	34.4%	992,800	1,177,800	1,171,600
270,540	274,321	3,781	1.4%	TOBACCO SETTLEMENT	273,274	274,327	1,053	0.4%	na	na	na
0	(0)	(0)	na	CIGARETTE INVENTORY TAX	(1)	(298)	(298)	na	na	na	na

continued

Revenue Summary 2004-05
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: April 30, 2005

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH APRIL CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
April		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2003-2004	2004-2005	2004-2005
2004	2005	Amount	Percent		2003-04	2004-05	Amount	Percent	Actual	Statutory Estimate (b)	Jan 2005 Consensus
Major Transportation Revenues											
\$11,680	\$10,647	(\$1,033)	-8.8%	Diesel Fuel / Motor Carrier Fuel Tax (h)	\$83,382	\$85,423	\$2,041	2.4%	\$140,800	\$162,600	\$145,000
72,622	76,044	3,422	4.7%	Gasoline	528,995	529,541	547	0.1%	932,700	968,000	945,900
88,626	76,426	(12,200)	-13.8%	Motor Vehicle Registration	567,155	520,149	(47,005)	-8.3%	934,300	830,800	862,523
6,789	6,265	(524)	-7.7%	Other Taxes, Fees & Misc.	40,740	37,963	(2,777)	-6.8%	197,735	219,736	204,325
5,810	5,821	11	0.2%	Comprehensive Transportation (d)	40,668	40,744	76	0.2%	69,267	69,846	58,344
\$185,526	\$175,202	(\$10,325)	-5.6%	TOTAL MAJOR TRANS. REVENUES	\$1,260,939	\$1,213,820	(\$47,119)	-3.7%	\$2,274,802	\$2,250,982	\$2,216,092
Lottery Sales By Games (c)											
53,641	51,575	(2,065)	-3.8%	Instant Games	412,920	395,674	(17,246)	-4.2%	na	na	na
57,370	55,142	(2,227)	-3.9%	Daily Games	435,911	430,132	(5,779)	-1.3%	na	na	na
19,929	34,074	14,145	71.0%	Lotto and Big Game	179,185	178,756	(429)	-0.2%	na	na	na
1,204	1,035	(169)	-14.0%	Keno Game	9,015	7,892	(1,123)	-12.5%	na	na	na
0	0	0	na	Changeplay Game	88	0	(88)	-100.0%	na	na	na
21,497	29,994	8,497	39.5%	Club Games	116,313	221,365	105,052	90.3%	na	na	na
\$153,641	\$171,821	\$18,180	11.8%	TOTAL LOTTERY SALES	\$1,153,433	\$1,233,820	\$80,388	7.0%	na	na	na

a GF-GP Sales has been estimated based on CTF and Health Initiative shares.

b Statutory and Consensus Estimates have been adjusted to include the Tobacco tax increase (PA 164 of 2004) and Casino Tax Increase (PA 306 of 2004).

c The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

d The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

e 2% collections adjusted to reflect exemption on residential utilities.

f Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

g Non-tax revenue estimates other than interest are estimates. Federal aid total does not include the \$169 million in federal aid from federal stimulus bill in FY 2004.

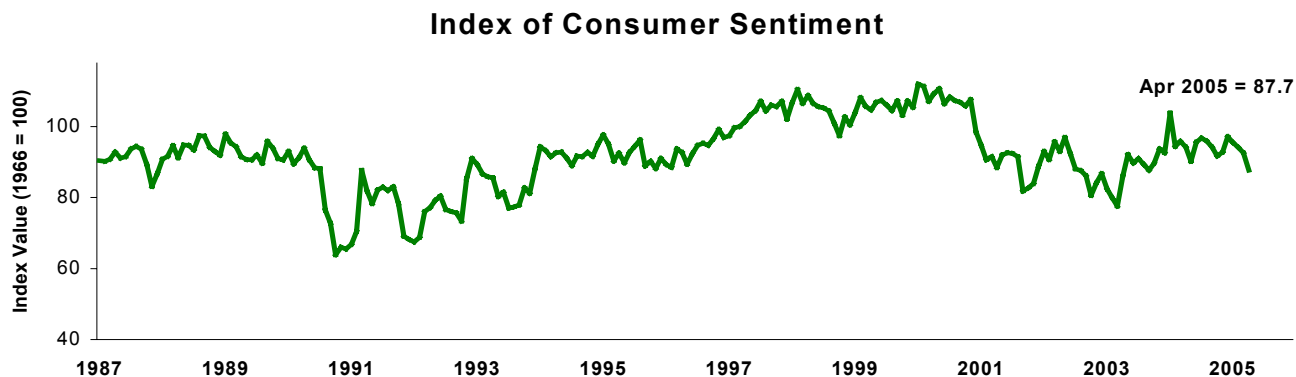
h Starting in January 2005 totals include revenue from the Motor Carrier Fuel Tax. Prior year totals have been adjusted to also include the Motor Carrier Fuel Tax.

Source: Michigan Department of Treasury, Economic and Revenue Forecasting Division, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 87.7 in April, 6.5 index-points below the March value and 4.8 index-points below April 2004. Survey director Richard Curtin noted, “Consumer confidence posted a sizable decline in April, marking the fourth consecutive monthly decline as the Sentiment Index fell to its lowest level since the September 2003 survey.” Curtin reported that, “While gas prices drew many complaints, especially among lower income households, all consumers have become increasingly concerned during the past few months that a slowing pace of economic growth would negatively affect their income and job prospects.” Curtin also observed, “Vehicle buying attitudes fell to their lowest level in nine years in the April survey. When asked to explain their opinions of vehicle buying conditions, a significant decline was recorded in the number of consumers who mentioned the availability of discounts on prices and interest rates.” In April, consumers in all four regions reported a decrease in confidence. Midwestern consumers reported the largest decrease in confidence of 6.2 index-points. Southern consumers recorded a decrease in confidence of 5.0 index-points. Western and Northeastern consumers saw a drop in confidence of 4.4 index-points and 4.2 index points, respectively. However, the gap across regions decreased from last month to 10.2 index-points, with Southern consumers on top and Northeastern consumers on the bottom.

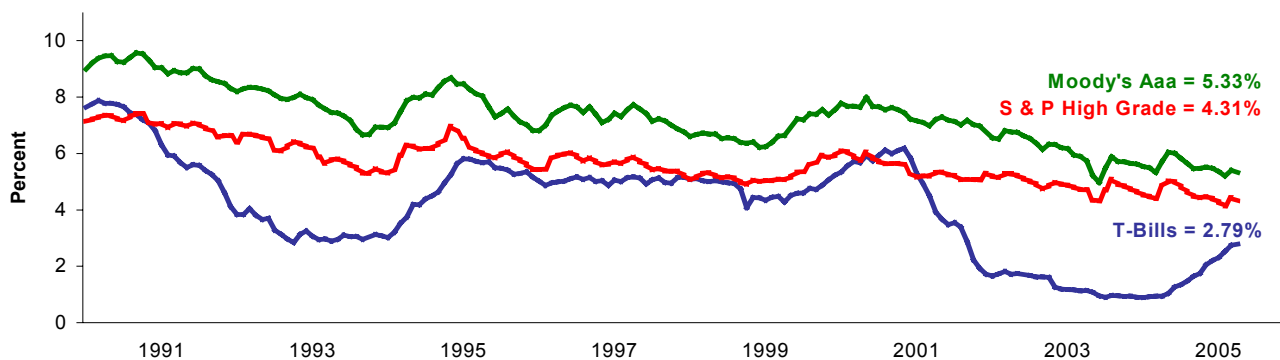
The advance estimate of real **Gross Domestic Product** for the first quarter of 2005 is \$11,078.2 billion (chained 2000 dollars), an increase of 3.1 percent at an annual rate. In the fourth quarter of 2004, real gross domestic product increased 3.8 percent. Personal consumption expenditures, private inventory investment, exports, equipment and software, and residential fixed investment led first quarter growth. Imports, which are a subtraction in the calculation of GDP, also increased. Real personal consumption expenditures increased 3.5 percent in the first quarter compared to an increase of 4.2 percent in the fourth quarter. Real residential fixed investment increased 5.7 percent in the first quarter compared to an increase of 3.4 percent in the fourth quarter. Real nonresidential fixed investment increased 4.7 percent in the first quarter led by increased investment in equipment and software of 6.9 percent. Real federal government expenditures increased 0.6 percent in the first quarter compared to a 1.2 percent increase in the fourth quarter. Real state and local government spending increased 0.5 percent in the first quarter compared to a 0.6 percent decrease the fourth quarter. Exports of goods and services increased 7.0 percent in the first quarter, compared to a 3.2 percent increase in the fourth quarter. Imports increased 14.7 percent in the first quarter compared to an increase of 11.4 percent in the fourth

quarter. Private inventory investment increased \$80.2 billion in the first quarter, up from a \$47.2 billion increase in the fourth quarter. Real final sales increased at a 1.9 percent rate in the first quarter compared to a 3.4 percent rate in the fourth quarter. On the inflation front, the **implicit price deflator** measure estimate increased at a 3.2 percent annual rate in the first quarter, compared to an increase of 2.3 percent observed in the fourth quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.5 percent in April, down from a 0.6 percent increase in March. Energy increased by 4.5 percent in April; compared to a 4.0 percent increase in March, while the all-items less food and energy component remained unchanged. For the six months since October, the all-items index increased at a 3.7 percent annual rate.

Compared to April 2004, the all-items index increased 3.5 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 3.1 percent; housing, 3.2 percent; medical care, 4.3 percent; recreation, 0.2 percent; education and communication, 1.8 percent; and other goods and services, 2.6 percent, with tobacco prices up 5.0 percent; transportation 7.0 percent, with gasoline prices up 24.2 percent. The unadjusted decreases from one year ago were: apparel, 0.5 percent.

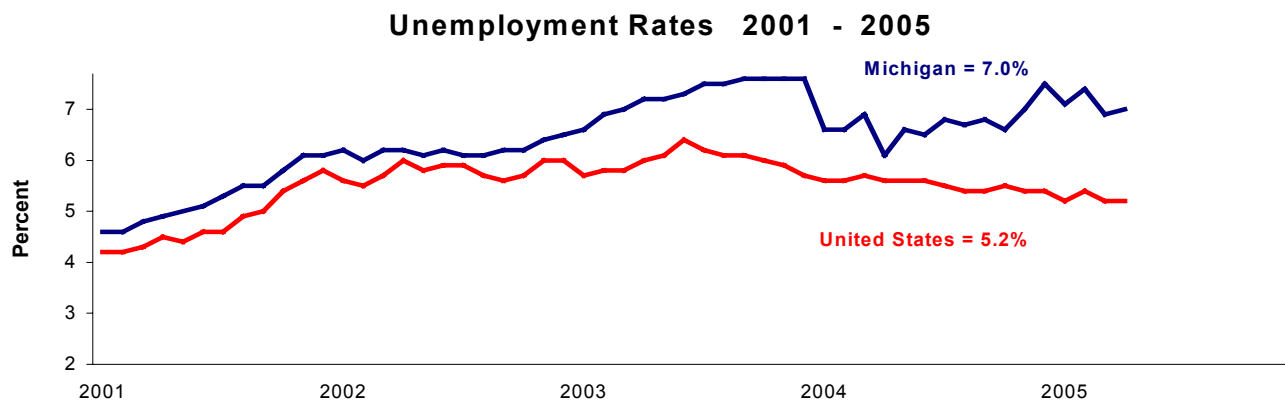
Selected Key Interest Rates



Source: Economic Indicators

Short-term **interest rates** increased 0.04 percentage points in April as the 3-month Treasury bill (T-bill) rate averaged 2.79 percent. Compared to one year ago, the T-bill rate is up 1.85 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.07 percentage points to an interest yield of 5.33 percent in April. Compared to one year ago, the Aaa bond yield is down 0.40 percentage points. The interest rate on High-grade municipal bonds decreased 0.11 percentage points to 4.31 percent in April, and stands 0.53 percentage points below its year ago level. The Federal Open Market Committee (FOMC) raised the federal funds rate by 25 basis points at its May 3rd meeting to 3.00 percent. The FOMC continues to believe that, “even after this action, the stance of monetary policy remains accommodative and, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity. Pressures on inflation have picked up in recent months and pricing power is more evident. Longer-term inflation expectations remain well contained.” The FOMC reported that the upside and downside risks to the attainment of both sustainable growth and price stability are roughly equal. The committee believes that, “policy accommodation can be removed at a pace that is likely to be measured.”

In April, the **U. S. unemployment rate** remained unchanged from a month ago at 5.2 percent and was down 0.4 percentage points from one year ago. Civilian employment totaled 141.1 million persons in April, up nearly 0.6 million from March. The number of unemployed was 7.7 million nationwide.

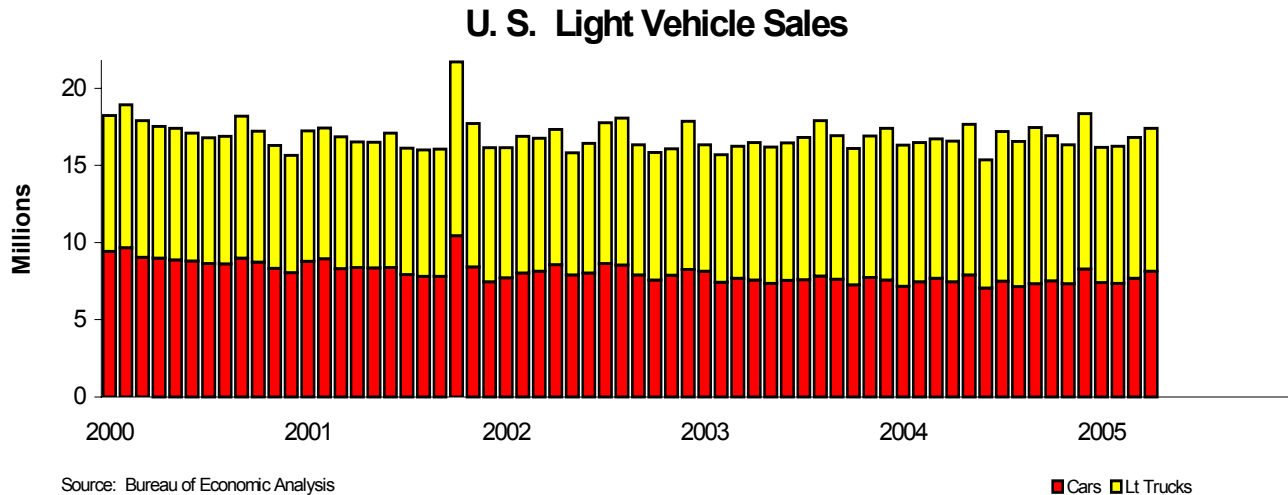


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In April, the **Michigan jobless rate** increased 0.1 percentage points to 7.0 percent. Compared to a year ago, Michigan's jobless rate was 0.3 percentage points higher. From a month ago, the labor force increased by 42,000 to 5,141,000, while the number of people employed increased by 34,000 to 4,780,000. In April, there were 361,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors. Therefore, the three-month average of 7.1 percent may be more representative of actual conditions.

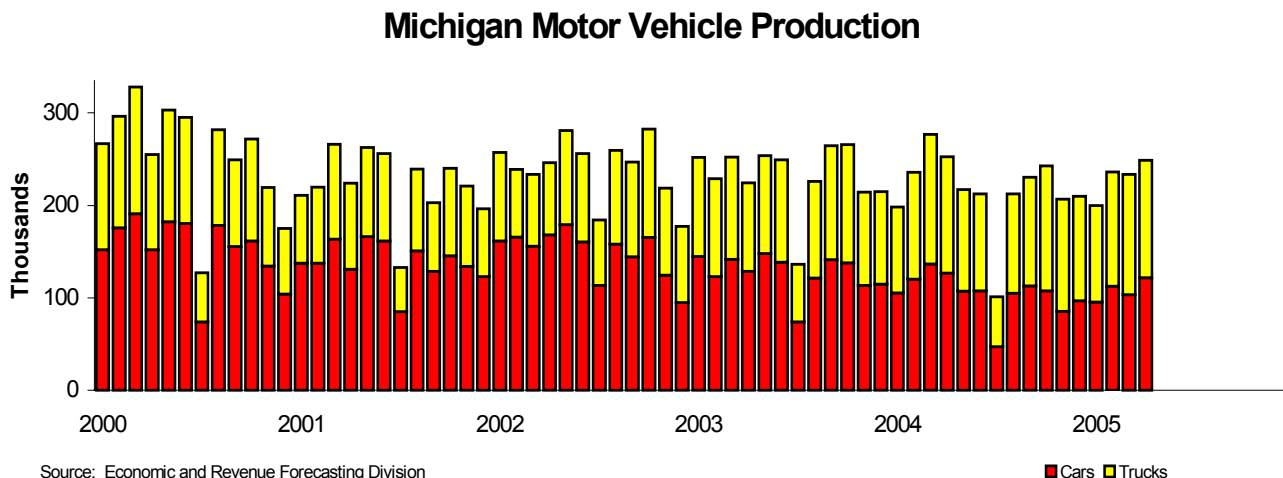
Detroit retail prices, as measured by the Consumer Price Index (CPI-U), increased 1.1 percent from February to April, compared to a 1.3 percent increase from December to February. The all-items less food and energy index remained unchanged from February to April. The food index increased 1.2 percent from February to April while the energy index increased 11.8 percent. Compared to April 2004, the all-items index increased 2.8 percent. For individual component items, the increases from one year ago were: food and beverages, 2.6 percent; housing, 2.8 percent; transportation, 6.3 percent; medical care, 3.4 percent; education and communication 0.8 percent; other goods and services, 7.0 percent; the unadjusted decreases were: apparel, 7.4 percent.

Motor Vehicle Sector



U. S. light vehicle sales (cars + light trucks) increased 0.6 million units in April selling at a 17.4 million unit seasonally adjusted annual rate. Domestic car sales increased 5.5 percent while domestic light truck sales increased 0.8 percent. Import car sales increased 7.9 percent while import light truck sales increased 5.6 percent. Compared to last year, light vehicle sales increased 5.0 percent. Domestic car sales were up 10.3 percent while domestic light truck sales increased 0.2 percent. Import car sales were up 7.8 percent while import truck sales rose 8.7 percent from last year. As a result, the domestic share decreased 0.6 percentage points from a year ago. For fiscal year 2005, domestic light vehicles have recorded a 79.3 percent share of a 16.9 million-unit market.

Michigan motor vehicle production increased to 248,780 units in April. From a year ago, motor vehicle production decreased 2 percent in Michigan and fell 3 percent nationally. In April, Michigan's car production was 121,930 units while the state's truck production was 126,850 units. Compared with a year ago, car production fell 4 percent in Michigan and decreased 3 percent nationwide. The state's truck production increased 1 percent while national truck production fell 3 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.



**Summary Estimates of the Constitutional Revenue Limit
Based on the January 13, 2005 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2002-2003 Actual	Fiscal Year 2003-2004 Estimate	Fiscal Year 2004-2005 Estimate
Applicable Calendar Year Personal Income	\$297,609	\$303,745	\$314,460
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$28,243.1	\$28,825.4	\$29,842.3
Revenue Limit	\$28,243.1	\$28,825.4	\$29,842.3
State Revenue Subject to Limit	\$24,061.6	\$24,087.7	\$24,159.2
Amount Under (Over) Limit	\$4,181.5	\$4,737.7	\$5,683.0

Sources:

Personal Income Estimate

The FY 2002-03 calculation uses the official personal income estimate for calendar year 2001 (Survey of Current Business, October 2002).

The FY 2003-04 calculation uses the official personal income estimate for calendar year 2002 (Survey of Current Business, August 2003).

The FY 2004-05 calculation uses the official personal income estimate for calendar year 2003 (Survey of Current Business, September 2004).

Revenue Subject to the Limit

The FY 2002-03 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2003.

The FY 2003-04 calculation uses the January 13, 2005 Consensus Revenue Agreement.

The FY 2004-05 calculation uses the January 13, 2005 Consensus Revenue Agreement.

Prepared By: Economic and Revenue Forecasting Division, Michigan Department of Treasury